

19 - 2707 ADC

AUSA Leo Wise
410-209-4909

AFFIDAVIT IN SUPPORT OF SEARCH WARRANT

Your Affiant, Special Agent Christine E. Parr, being first duly sworn, deposes and states as follows:

I. INTRODUCTION

1. This affidavit is made in support of an application for a search warrant under 18 U.S.C. §§ 2703(a), 2703(b)(1)(A) and 2703(c)(1)(A) to obtain information associated with the following email account:

CEPUGHCO@GMAIL.COM (hereafter the "TARGET ACCOUNT")
Google LLC, 1600 Ampitheatre Way, Mountain View, CA 94043

The **TARGET ACCOUNT** is more fully described in Attachment A and the information sought includes the content of communications and other information further described in Attachment B.

2. Because this affidavit is being submitted for the limited purpose of establishing probable cause for authorization to obtain information from the **TARGET ACCOUNT**, I have not included every detail of every aspect of the investigation. Rather, I have set forth only those facts that I believe are necessary to establish probable cause. I have not, however, excluded any information known to me that would defeat a determination of probable cause. The information contained in this affidavit is based upon my personal knowledge, my review of documents and other evidence, and my conversations with other law enforcement officers and other individuals.

3. I am a duly sworn Special Agent with the Federal Bureau of Investigation since March 2010 and have participated in numerous criminal investigations involving corruption of public officials and other unlawful activities. Prior to joining the FBI, I was a Special Agent with the

United States Department of the Interior, Office of the Inspector General, for approximately six years, where I also participated in and conducted criminal investigations involving violations of the laws of the United States, including the laws relating to public corruption. In the course of these investigations, I have examined the personal and business records of individuals, companies, and government agencies.

4. Your affiant has also participated in numerous searches and arrest warrants involving a variety of offenses. Your affiant is familiar with the facts and circumstances of this investigation. Your affiant has personally participated in the investigation of the offenses referred to below, has reviewed reports and has had discussions with other Special Agents and employees of the FBI and other law enforcement agencies in connection with the investigation.

5. Based on your affiant's training and experience and the facts set forth in this affidavit, there is probable cause to believe that the **TARGET ACCOUNT** contains evidence, fruits, and instrumentalities of violations of 18 U.S.C. § 1343 (wire fraud).¹

6. Specifically, there is probable cause to believe that the **TARGET ACCOUNT** contains evidence that shows that Catherine E. Pugh devised and executed a scheme to obtain money from Healthy Holly customers based on the misrepresentation that she would produce and distribute books for children commensurate with customers' payments, in violation of 18 U.S.C. § 1343.

II. JURISDICTION

7. This Court has jurisdiction to issue the requested warrant because it is "a court of competent jurisdiction" as defined by 18 U.S.C. § 2711(3). *See also*, 18 U.S.C. §§ 2703(a),

¹ Title 18, United States Code, Section 1343 makes it a crime for a person, having devised or intending to devise any scheme or artifice to defraud, or to obtain money or property by means of false or fraudulent pretenses, representations or promises, to transmit or cause to be transmitted by means of wire communication in interstate or foreign commerce, any writings, signs or signals for the purpose of executing such scheme or artifice.

(b)(1)(A) & (c)(1)(A). Specifically, the Court is a "district court of the United States . . . that - has jurisdiction over the offense being investigated." 18 U.S.C. § 2711(3)(A)(i).

III. PROBABLE CAUSE

A. April 22, 2019 Affidavit (Affidavit One)

8. On April 22, 2019, United States Magistrate Judge J. Mark Coulson authorized a search and seizure warrant for several locations, including Pugh's two residences and her cell phone with phone number: 443-474-2901, among others. The affidavit submitted in support of that application is incorporated herein by reference and is attached as exhibit 1. Those warrants were executed on April 25, 2019.

9. As stated in Affidavit One, Pugh founded a small publishing business in Maryland called Healthy Holly, LLC on January 14, 2011. Pugh was the managing member and 100 percent owner of the home-based business. She used Healthy Holly, LLC, to self-publish a series of children's books about a fictional girl named Healthy Holly. Pugh also had a public relations consulting and marketing company called Catherine E. Pugh and Company, Inc.² Pugh did not have a personal bank account; instead, she deposited money she received into one of two business accounts maintained at Harbor Bank in Maryland. This banking practice resulted in the commingling of business and personal deposits. One of the business accounts was for Healthy Holly, LLC, and the other was for her consulting business, Catherine E. Pugh and Company, Inc. A review of Pugh's bank accounts established that sales of Healthy Holly books in the retail and wholesale markets have been negligible.

10. As set forth in Affidavit One Pugh solicited and received all or most of Healthy Holly's revenue based on the false pretense that she would provide and distribute books commensurate with the funds the customers agreed to pay her. Further Affidavit One described

² Catherine E. Pugh and Company, Inc., was founded by Pugh in 1997. She is the sole proprietor of the business, which is not in good standing.

how Pugh used her Healthy Holly business in order to fund her mayoral campaign and support her lifestyle during that election year, in violation of 18 U.S.C § 1343.

11. Affidavit One summarized an in-depth review of bank records that showed that Pugh solicited buyers to purchase Healthy Holly books. These buyers included the University of Maryland Medical System (UMMS), Kaiser Permanente, and Associated Black Charities (ABC), among others. These buyers wrote checks for the books, which Pugh deposited into the Healthy Holly account and then spent.³ A review of Kromar Printing records, a Canadian printing company that Pugh used to print Healthy Holly books, established that Pugh did not publish enough books to fill the buyers' orders, and nonetheless continued to sell more books.

B. Subsequent Investigation

13. Healthy Holly's publishing business relied almost exclusively on funds it received from various businesses and nonprofit organizations, as opposed to retail sales, which, as stated above, were negligible. Records obtained from and subsequent to the searches that were executed on April 25, 2019, reflect that Pugh represented to a number of Healthy Holly customers that the money they provided to Pugh's company would be in exchange for specific numbers of Healthy Holly books. However, the investigation has determined that (1) Pugh did not publish the number of books she sold, (2) Pugh double-sold Healthy Holly books by selling books purchased by one buyer to a different buyer without either buyer's knowledge or consent, and (3) Pugh converted some of the purchased books to her own use without the purchaser's or third party's knowledge and consent.

14. The investigation determined that, to date, Pugh has published four books as part of her Healthy Holly series. The book titles are *Healthy Holly: Exercising is Fun!* (hereafter

³ Bank records reflect that checks from UMMS, Kaiser, and ABC were converted to an electronic image and transmitted in interstate commerce by means of wire communication to various computer servers located in multiple states.

referred to as “Book 1”) that was printed in 2011; *Healthy Holly: A Healthy Start for Herbie* (hereafter referred to as “Book 2”) printed in 2013; *Healthy Holly: Fruits Come In Colors Like The Rainbow* (hereafter referred to as “Book 3”) printed in 2015; and *Healthy Holly: Vegetables Are Not Just Green* (hereafter referred to as “Book 4”) printed in 2017.. A fifth book titled, *Healthy Holly: Walking With My Family Is Fun* (hereafter referred to as “Book 5”), was never published but it appeared on an invoice in 2018. A review of both invoices of books ordered and records from the printing companies of books published, show that Pugh did not publish enough books to fulfill the invoices that were paid for by these organizations. As noted above, the three entities responsible for the most purchases are UMMS, Kaiser, and ABC.

The printing and shipping of the Healthy Holly books are summarized below:

Table 1

6/10/2011	Kromar Printing published and sent 2,090 Book 1 to Pugh
6/10/2011	Kromar Printing published and sent 20,020 Book 1 to Baltimore City Public Schools (BCPS)
3/19/2013	Kromar Printing published and sent 1,500 Book 2 to Pugh
3/28/2013	Kromar Printing published and sent 18,600 Book 2 to BCPS
8/25/2015	Kromar Printing published and sent 1,500 Book 3 to Pugh
8/25/2015	Kromar Printing published and sent 19,600 Book 3 to BCPS
8/16/2017	Premier Printing published and sent 5,006 Book 4 to Pugh
8/18/2017	Premier Printing published and sent 5,016 Book 4 to Kaiser

Total books published	73,232
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The payments Pugh received for the Healthy Holly books are summarized below:

2/3/2011	UMMS paid \$50,000 for 10,000 Book 1
5/12/2011	UMMS paid \$50,000 for 10,000 Book 1
11/10/2011	ABC paid \$12,000 for 2,000 unspecified book
11/23/2011	ABC paid \$6,000 for 1,000 unspecified book
8/24/2012	Maryland Automobile Insurance Fund (MAIF) paid \$7,500 for 1,000 Book 2
11/6/2012	UMMS paid \$100,000 for 20,000 Book 2
10/3/2013	ABC paid \$4,448 for 556 Book 2
10/4/2013	Ariel Investors paid \$3,680 for 200 Book 1 and 200 Book 2 (400 total)

3/21/2014	ABC paid \$6,500 for 1,000 Book 2
3/18/2015	UMMS paid \$100,000 for 20,000 Book 3
1/21/2016	Kaiser paid \$25,000 for 5,000 unspecified book
9/13/2016	Kaiser paid \$25,000 for 5,000 unspecified book
11/3/2016	UMMS paid \$100,000 for 20,000 Book 4
12/23/2016	ABC paid \$45,000 for 5,000 Book 3
5/3/2017	Kaiser paid \$25,000 for 5,000 Book 4
11/24/2017	Kaiser paid \$14,000 for 2,000 Book 4
11/14/2018	UMMS paid \$100,000 for 20,000 unspecified book
11/19/2018	Kaiser paid \$25,000 for 4,000 for Book 5

Total Books Ordered and Purchased: 131,956

In sum, the investigation has determined that approximately 73,232 Healthy Holly books were published. However, invoices were issued by Healthy Holly and payments were made by purchasers for approximately 131,956 Healthy Holly books.

15. Since the execution of the search warrants on April 25, 2019, investigators have interviewed a number of witnesses from the organizations that purchased Healthy Holly books. Further, investigators have obtained documents and other records from those purchasers since the execution of the search warrants on April 25, 2019.

a. UMMS officials told investigators that Pugh solicited UMMS to purchase Healthy Holly books on five separate occasions, which she promised to publish and distribute to children in the Baltimore City Public School System (BCPS). Consistent with those representations, correspondence from UMMS was sent to BCPS regarding the delivery of Pugh's books. UMMS had the understanding that all of the books they ordered were distributed to students of BCPS. UMMS officials said they continued to place orders with Pugh for all five of her books because they believed the books they ordered were successfully published and distributed to BCPS students. Further, UMMS officials told investigators that if they were aware that the books were

being diverted and not placed in the hands of BCPS students, it would have changed their decision to continue purchasing books from Pugh.

As evidenced on invoices from Healthy Holly to UMMS, UMMS made five purchases of Healthy Holly books, Books 1 to 5, each time paying \$100,000 for what was represented to UMMS would be 20,000 books delivered and distributed to BCPS.⁴ However, according to the publishers' records, only UMMS's order for Book 1 was successfully fulfilled. For Book 2, Pugh placed an order with the printing company subsequent to accepting UMMS' payment and directed the publisher to only deliver 18,600 books to BCPS, not 20,000 as promised to UMMS. In the same order, Pugh also arranged for the publisher to deliver 1,500 of the Book 2 to her legislative office. UMMS had no knowledge that Pugh diverted 1,400 copies of its books to her legislative office instead of giving them to BCPS. Similarly, for Book 3, Pugh arranged for the publisher to only deliver 19,500 books to BCPS, not 20,000 as promised to UMMS. Pugh also arranged for the publisher to deliver 1,500 of Book 3 to her legislative office. UMMS had no knowledge that Pugh diverted 500 copies of its books to her legislative office instead of giving them to BCPS. In so doing, Pugh unlawfully converted 1,900 copies of Book 2 and Book 3, combined, to her own personal use without UMMS's consent. The fraudulent conversion provided Pugh with a free inventory of books that she used as giveaways at various events to promote the books and her political campaigns. Several witnesses provided corroborating information that they have observed her handing out Healthy Holly books at campaign events.

⁴ When UMMS purchased Book 1 two \$50,000 invoices for 10,000 books each were prepared for a total of \$100,000 for 20,000 books. After the Book 1 purchase, a single invoice for 20,000 books for \$100,000 was prepared for each successive purchase.

For Book 4, Pugh negotiated the sale of an additional 20,000 Healthy Holly books to UMMS for \$100,000; however, Pugh never published Book 4 for UMMS.⁵ UMMS believed that Book 4 had been delivered and distributed to students of BCPS. Based on that understanding, UMMS purchased an additional 20,000 books for Book 5 for \$100,000. Book 5 has never been printed.

b. Kaiser officials told investigators that they purchased books from Pugh as “giveaways” for health fairs, schools, and other initiatives. Typically, Kaiser ordered such items and then stored them at a warehouse until they were needed. Kaiser employees would then order them from the warehouse. The manager of the warehouse told investigators that Kaiser only received 14,490 Healthy Holly books. However, invoices from Healthy Holly to Kaiser show that Kaiser purchased 17,000 books.⁶ In reviewing the records from the warehouse manager, it was determined that 10,000 copies of the Healthy Holly books Kaiser received were double sold, which is discussed in more detail below.

c. The Chief Executive Officer (CEO) of ABC told investigators that Pugh contacted her and told her that a number of donors wanted to give Pugh funds for Health Holly books that would then be distributed to children. Pugh offered to share the donations with ABC, with Pugh receiving the majority of funds. ABC agreed to this arrangement and received funds from a number of third parties that Pugh identified. ABC then passed most of those funds on to Pugh. ABC was initially in charge of delivering the books to child care centers in Baltimore City, but in later years Healthy Holly also distributed books purchased through ABC. However, the books that ABC received had already been donated to BCPS with funds from UMMS.

⁵ While Pugh did not provide Book 4 to UMMS, she did print and provide 5,000 copies of Book 4 to both herself and Kaiser.

⁶ This total does not include the 4,000 books purchased in 2018 for Book 5.

d. Pugh fraudulently resold Book 1, Book 2, and Book 3 to other purchasers, including Kaiser and ABC, which had already been sold to UMMS and donated to BCPS. As summarized above in the Table 1, Kaiser purchased 5,000 Healthy Holly books on January 21, 2016, and an additional 5,000 books on September 13, 2016. Each order was for \$25,000 but the invoices do not indicate which edition of Healthy Holly Kaiser was purchasing. To fill the foregoing book orders totaling 10,000 books, Pugh took approximately 1,000 copies of Book 1 from the shipment of books that UMMS donated to BCPS in 2011; approximately 1,000 copies of Book 2 from the shipment of books that UMMS donated to BCPS in 2013; and approximately 7,500 from the shipment of books that UMMS donated to BCPS in 2015. Pugh was able to do this because at the time of these sales to Kaiser not all of the books that UMMS had purchased for BCPS students had actually been distributed to BCPS students. Neither UMMS nor BCPS authorized the fraudulent resale of those books to Kaiser. Similarly, the copies of Books 1 and 2 that were given to ABC were, in fact, books that had been purchased by UMMS to be donated to BCPS.

C. Use of the TARGET ACCOUNT

19. Google provides numerous free services to the users with a Google profile. Some of services include, Gmail, Google Hangouts, Google Wallet, Google+, Google Drive, Picasa Web Albums, and YouTube. Gmail is a web-based email service that can also be accessed via mobile apps. Emails remain in an active Gmail account until deleted by the user. Google Hangouts is a communication platform which includes instant messaging, video chat, and SMS and Voice Over IP (VOIP) features service that provides both text and voice communication. Google Hangouts allows conversations between two or more users. Chat histories are saved online, allowing them to be synced between devices. Google Wallet is a mobile payment system that allows its users to store debit cards, credit cards, loyalty cards and gift cards, among other

things, on their mobile phones. Google+ is a social networking service. Google Drive is a file storage and synchronization service, which provides users with cloud storage, file sharing, and collaborative editing. Picasa Web Albums is an image hosting and sharing web service that allows users with a Google account to store and share images for free. YouTube is a free video sharing website that allows users upload, view and share videos.

20. On August 2, 2019, investigators interviewed Carmelita Green, who was responsible for the layout and coordination of the printing of all four of the Healthy Holly books. Green told investigators that she took direction from Pugh on the number of books to be printed and where to print them. Green said Pugh also directed her how to split the orders and where to send the books. Green provided investigators with a number of emails to and from the **TARGET ACCOUNT** from 2015 to 2019. Green also stated that she copied Pugh on all of her email correspondence related to the books at the **TARGET ACCOUNT**. For example, Green provided investigators with an email sent from Pugh using the **TARGET ACCOUNT** dated May 25, 2015, where Pugh provided corrections to Green of text that would appear in one of the books. Green also provided an email from Pugh using the **TARGET ACCOUNT** dated the same day where Pugh invited Green to view a Google Drive folder titled "Healthy Holly." Green also showed investigators an April 18, 2017, email regarding edits for the "Healthy Holly: Vegetables are not all Green" edition that she sent to the **TARGET ACCOUNT**.

21. Green also had email communications with Gary Brown. Brown's signature line on some of his emails identified him as the "Chief Operating Officer" for Healthy Holly LLC. Brown served as Pugh's legislative aide when she was a senator, Pugh's campaign aide during the 2016 mayoral election, and then served on Pugh's mayoral staff as her Deputy Director of Special Events. Brown has used several email accounts, and a review of several of those

accounts subsequent to the execution of a Search Warrant,⁷ showed that Brown, like Green, exchanged emails with Pugh at the **TARGET ACCOUNT**. The earliest of those emails is dated April 24, 2014, when Brown sent Pugh an email at the **TARGET ACCOUNT** that read "Test." Subsequent to that email, on October 17, 2016, Brown sent Pugh an email at the **TARGET ACCOUNT** with the subject line, "vegetables are not just green-Healthy Holly." Investigators have reviewed numerous other emails where Brown emailed Pugh regarding Healthy Holly business at the **TARGET ACCOUNT**.

22. Information obtained pursuant to Federal Grand Jury subpoenas has shown that Pugh utilized the **TARGET ACCOUNT** to coordinate payment and shipping with a second printing company, Premier Printing. Specifically, on March 25, 2019, Ray Leveque, from RLEVEQUE@PREMIERPRINTING.CA, sent an email to the **TARGET ACCOUNT**, which stated the following: "Good morning Catherine, Here are the shipping Docs from the previous printing of Healthy Holly #4 as requested. Could you also please send me your billing address and confirm where we are shipping the reprint (Confirmation Attached) As well please call [REDACTED] with your credit card for 50% of the bill." Also on March 25, 2019, Leveque emailed Pugh at the **TARGET ACCOUNT** the following: "Thank you Catherine and Thank you for the Payment as well" and in a separate email but on the same day: "Thank you Catherine, and the UPDATED Shipping INFO?"

23. A review of Pugh's text messages on her cellular phone, obtained pursuant to the search warrants executed on April 25, 2019, shows that Pugh has identified the **TARGET ACCOUNT** as her email account on 22 separate occasions to various contacts from July 30, 2018 to March 15, 2019.

⁷ On March 25, 2019, United States Magistrate Judge J. Mark Coulson authorized a search and seizure warrant for several locations, to include numerous email accounts managed by Brown.

24. On April 2, 2019, a Request for Preservation of Records was sent to Google, Attention: Custodian of Records at 1600 Amphitheatre Parkway, Mountain View, CA 94043 at USLawEnforcement@google.com for the **TARGET ACCOUNT** for 90 days. Also on April 2, 2019, a response from Google Legal Investigations Support was received confirming the receipt of the request with Reference Number: 2420341. An extension for an additional 90 days was sent on July 1, 2019, and on the same day a confirmation email was sent from Google with Reference Number: 2610665.

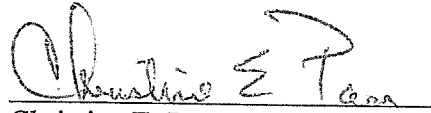
IV. CONCLUSION

28. The foregoing facts establish probable cause to believe that Pugh knowingly and intentionally devised and executed a scheme to obtain money from Healthy Holly customers by misrepresenting that her company would produce and distribute Healthy Holly books in return for their payments, in violation of 18 U.S.C. § 1343. There is probable cause to believe that the information received and maintained by the **TARGET ACCOUNT** will constitute evidence of the aforementioned criminal violation.

29. If the information in this affidavit is immediately made known to Pugh and others, such disclosure could jeopardize the success of the continuing investigation. Through my training and experience, your affiant knows that if individuals learn about the direction of investigations, they may attempt to destroy or hide evidence and coordinate, in advance, statements or information that they may provide to law enforcement. Therefore, there is good cause to seal the information in this affidavit, as well as the accompanying search warrant and application, and it is respectfully requested that such materials be sealed until further order of the Court.

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I have signed this document under oath and its contents are true and correct to the best of my knowledge.



Christine E. Parr
Special Agent, FBI

Sworn to and subscribed before me this 14th day of August 2019.



A. David Coppertheite
United States Magistrate Judge
District of Maryland